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Bank of Ireland economic pulse

June 2019

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

June 2019

"Mid-way through 2019 and the Economic Pulse remains relatively soft, with the June reading little changed on the month."

Dr Loretta O'Sullivan,
Group Chief Economist, Bank of Ireland

The Bank of Ireland Economic Pulse came in at 90.7 in June 2019. The index, which combines the results of the Consumer and Business Pulses, was up 0.5 on last month's reading but 7.4 lower than a year ago.

With the domestic economy putting in a good performance, households were more upbeat about the here and now and their own financial situation this month. But given the increasingly unsettled backdrop in the UK and beyond, some nervousness about the economic outlook was evident among consumers, with firms generally more circumspect about near-term prospects for business activity as well.

KEY POINTS

- Economic Pulse up slightly in June
- Consumer confidence firmer
- Business sentiment moves sideways

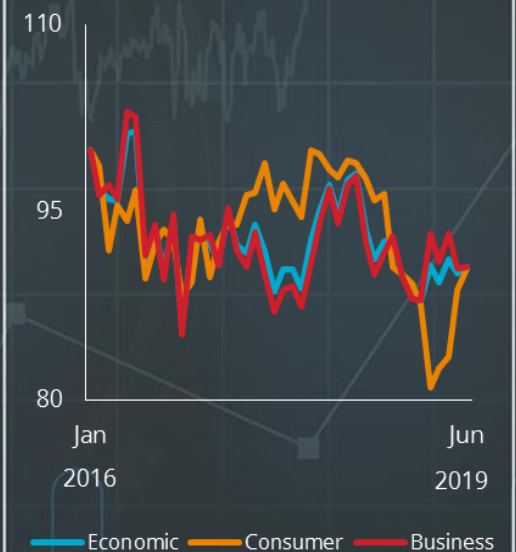
ECONOMIC PULSE

June 2019

90.7

+0.5 on previous
index reading

PULSE TRENDS



Consumer Pulse

June 2019

"Households were more upbeat about the here and now this month but remain worried about where the economy is going next."

Dr Loretta O'Sullivan,
Group Chief Economist, Bank of Ireland

KEY POINTS

- Consumer Pulse rises in June
- 37% think it is a good time to buy big ticket items
- Households cautious about the economic outlook

CONSUMER PULSE

June 2019

90.6

+1.8 on previous
index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⋈	11%	5%
⋈	43%	32%
No Change	25%	28%
⋇	14%	22%
⋇	6%	9%
Balance	+20%	+1%
Change on previous reading	+9	-4

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⋈	6%	6%
⋈	23%	31%
No Change	56%	51%
⋇	10%	8%
⋇	4%	2%
Balance	+9%	+15%
Change on previous reading	+3	+3

The Consumer Pulse stood at 90.6 in June 2019, up 1.8 on last month but down 8.3 on a year ago. Households took a more positive view of the current economic situation and their personal finances this month, with buying sentiment also ticking up a notch. Good news on the jobs and earnings fronts – including employment hitting a record high and wage growth continuing apace – looks to have provided some comfort, whereas political developments in the UK and what these might mean for the Brexit process prompted households to downgrade their assessment of the economy's prospects.

Housing Pulse

June 2019

"The annual rate of house price growth has eased over the past while, as have house price expectations which dipped again in June."

Dr Loretta O'Sullivan,
Group Chief Economist, Bank of Ireland

KEY POINTS

- Housing Pulse softer in June
- Two thirds expect house prices to increase over the next 12 months
- 68% think rents will go up

HOUSING PULSE

June 2019

99.4

-3.2 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	25%
1% - 5%		41%
Stay more or less the same		26%
1% - 5%	Decrease	6%
> 5%		2%

Balance +41%

-3 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	26%
1% - 5%		42%
Stay more or less the same		28%
1% - 5%	Decrease	1%
> 5%		0%

Balance +45%

+3 on previous reading

The Housing Pulse resumed its downward trend in June 2019, coming in at 99.4. Households pared back their expectations for future house price gains this month, but with the number of units being completed still lagging the number needed, the balance of responses remained in positive territory in all parts of the country. On the supply side, the June survey finds that over two in five builders are finding it difficult to get workers and that uncertainty - related to Brexit among other things - is also holding back activity.

Business Pulse

June 2019

"It was a sideways move for the Business Pulse this month amid ongoing uncertainty and tensions on the external front."

Dr Loretta O'Sullivan,
Group Chief Economist, Bank of Ireland

KEY POINTS

- Business Pulse broadly unchanged in June
- Services Pulse up
- Softer readings in other sectors

BUSINESS PULSE

June 2019

90.7

+0.2 on previous index reading

SECTOR PULSES

Industry Pulse

89.2

-5.1 on previous index reading

Services Pulse

91.6

+3.1 on previous index reading

Retail Pulse

88.0

-2.6 on previous index reading

Construction Pulse

93.4

-5.5 on previous index reading

At 90.7 in June 2019, the Business Pulse was broadly unchanged on the month but down 7.1 on a year ago. The Services Pulse recovered some lost ground this month whereas the other sectoral Pulses posted lower readings. With the global backdrop unsettled and Brexit uncertainty back in the spotlight, industrial and construction firms reported softer order books, while businesses more generally scaled back their expectations for activity over the next three months. The June survey also finds that over two in five firms in the industry, services and retail sectors, and some three in five builders, have seen a rise in non-labour input costs in the past three months. Nonetheless, the majority expect to keep their near-term selling prices the same.

Business Pulse

June 2019

BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	36%	39%	33%	36%
No Change	47%	51%	45%	47%
v	18%	10%	22%	17%
Balance	+18%	+29%	+11%	+20%
Change on previous reading	-12	0	+5	-9

BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	39%	43%	41%	42%
No Change	53%	50%	47%	53%
v	8%	7%	12%	5%
Balance	+30%	+36%	+29%	+37%
Change on previous reading	-15	-3	-6	+1

JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	17%	13%	12%	11%
No Change	77%	82%	82%	81%
v	6%	5%	5%	8%
Balance	+11%	+9%	+7%	+3%
Change on previous reading	-1	+3	+3	0

JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	15%	15%	12%	21%
No Change	81%	83%	84%	74%
v	4%	2%	4%	5%
Balance	+11%	+13%	+8%	+16%
Change on previous reading	-10	-2	0	0

Business activity refers to production in the case of industry, demand/turnover for services, sales for retail and building activity for construction.

Background

“The Economic Pulse provides a timely, comprehensive and robust picture of the economic environment and consumer and business confidence in Ireland.”

Dr Loretta O’Sullivan,
Group Chief Economist, Bank of Ireland

ABOUT THE PULSE

The Economic Pulse is a new indicator for Ireland based on a series of surveys. Each month households and firms are asked for their views on a wide range of topics including the economy, their financial situation, spending plans, house price expectations, business activity and hiring intentions. Key business sectors such as industry, services, retail and construction are covered, as well as regions. The information gathered is combined into high level indices, with responses to individual questions also provided along with analysis and insights.

GATHERING THE DATA

Ipsos MRBI are undertaking the fieldwork for the surveys on behalf of Bank of Ireland. A best practice approach to data collection and methodology has been adopted within a harmonised EU framework.

1000 households, 300 firms in industry, 1000 services firms, 400 retailers and 200 construction firms participate in the surveys each month.

USING THE INFORMATION

Business and consumer surveys provide essential information for economic surveillance, short-term forecasting and research.

They are also useful for policymakers, as well as helping firms with business planning.

Survey data are a key complement to official statistics, with high frequency and timeliness among their main qualities.

THE EU DIMENSION

Bank of Ireland is partnering with the European Commission on the surveys. The data collected feed into the Joint Harmonised EU Programme of Business and Consumer Surveys. This is a Europe-wide sentiment study which has been running since the 1960s. The data generated within this framework are particularly useful for monitoring economic developments at EU and Euro area level and also allow the situation in Ireland to be compared with that of other Member States.

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Notes: Balances are calculated as the difference between positive and negative responses (using weighted averages for questions with multiple options). For the Economic, Consumer, Housing and Business Pulses, January 2016 = 100.

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